


AR28



**Canadian
Investment
Fund, Ltd.**

34TH ANNUAL REPORT 1966



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CANADA'S
Original
MUTUAL FUND

C-I-L HOUSE, MONTREAL 2
Executive Offices
CANADIAN INVESTMENT FUND, LTD.
Twenty-Ninth Floor





DIRECTORS

GRAHAM F. TOWERS, C.M.G., *Chairman*

HENRY BORDEN, C.M.G. DONALD GORDON, C.M.G.

THE HON. F. P. BRAIS, C.B.E. G. BLAIR GORDON

HUGH BULLOCK, K.B.E. G. ARNOLD HART, M.B.E.

ALAN CHIPPINDALE GEORGE W. HUGGETT

NORRIS R. CRUMP WILLIAM S. KIRKPATRICK

Supervised by

CALVIN BULLOCK

LTD.

Established 1894

Custodian

The Royal Trust Company
Montreal

Transfer Agents

The Royal Trust Company
*Montreal, Toronto, Winnipeg,
Vancouver, Charlottetown*

The Trust Company of New Jersey
Jersey City, N.J.

Auditors

Messrs. Price Waterhouse & Co.
Montreal

Canadian Investment Fund, Ltd.

REPORT TO SHAREHOLDERS

For the fiscal year ended December 31, 1966

THE end of last year marked the thirty-fourth anniversary of your Company, completing more than a third-of-a-century of service to investors as Canada's original and most experienced mutual fund.

1966 was an unusual year. Business in Canada reached further record levels in many areas, but stock prices here, and in many other parts of the world, suffered sizable declines as did bond prices also. Nevertheless, dividends paid by your Company reached record highs in the year, both per share and total amounts. Purchases of shares by additional many hundreds of investors, large and small, including individuals and institutions, contributed to the further growth in the number of your Company's shareholders and outstanding shares last year.

As you were informed in the 1965 Annual Report, the Company entered 1966 with a strong defensive investment position of more than \$30 million in cash and government bonds, which had the two-fold effect of cushioning the decline in per share net asset value in the 1966 market decline and of providing the means for taking advantage of buying opportunities in stocks at materially lower prices which occurred after mid-year.

Although both markets were lower, the Canadian stock market outperformed the U.S. market last year as measured by the M.S.E. and D.J. industrial averages. On that basis, the Canadian market was down only 8.7% and the U.S. market 18.9%. For the decade through the end of last year the Canadian market was up 29.8% and the U.S. market was up 15.7%.

THE YEAR 1966

Continuing investor purchases of your Company's shares during 1966 increased shares outstanding by 283,331 to a record high total of 45,828,950 at the year end. These shares were held by 26,011 registered shareholders (a figure which does not count separately many thousands of investors holding shares registered in the names of a few nominees and depositaries).

Dividends paid last year scored a further gain to a record 15½¢ per share, up 3% over 1965 and up 10% over 1964. In addition to the high quality of the stocks in its portfolio, your Company continued to have insurance against unforeseen contingencies during the year in the form of cash and government bonds, which afforded relatively high income.

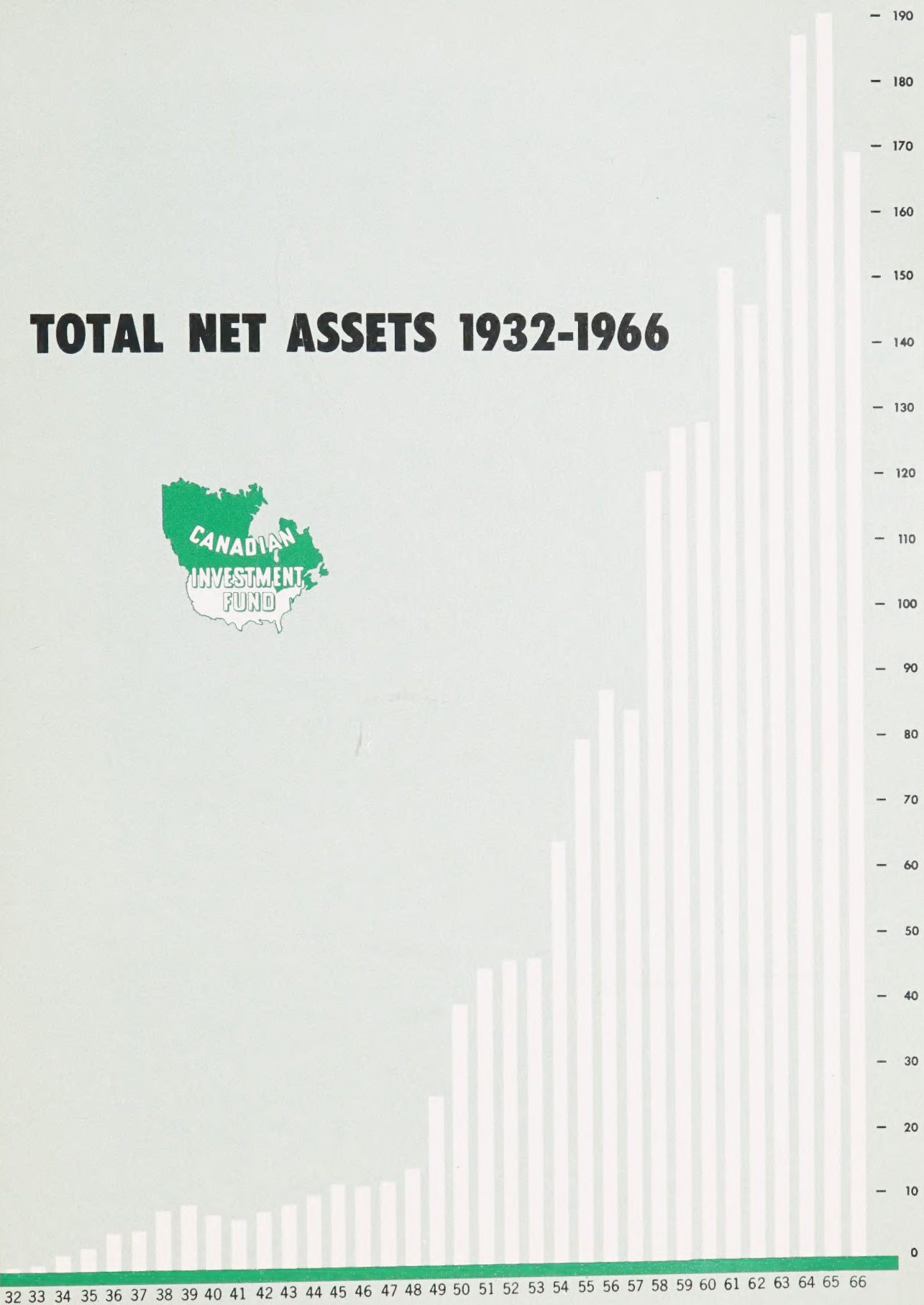
At the year end the balance of realized profits on sales of investments stood at \$26,885,542 and, in addition, the market value of investments exceeded cost by \$38,611,304.

REVIEW OF THE YEAR AT A GLANCE

	1966 December 31	1965 December 31
TOTAL NET ASSETS AT MARKET	\$169,056,091	\$190,056,136
SHARES OUTSTANDING	45,828,950	45,545,619
MARKET VALUE OF INVESTMENTS	\$162,944,899	\$176,199,439
COST OF INVESTMENTS	\$124,333,595	\$112,301,594
UNREALIZED PROFITS	\$ 38,611,304	\$ 63,897,845
BALANCE OF REALIZED PROFITS	\$ 26,885,542	\$ 23,557,845
PER SHARE NET ASSET VALUE	\$3.689	\$4.173
	1966	1965
DIVIDENDS PAID PER SHARE	15½¢	15¢
CASH DIVIDENDS PAID IN YEAR	\$ 7,066,551	\$ 6,787,022

\$ MILLIONS

TOTAL NET ASSETS 1932-1966

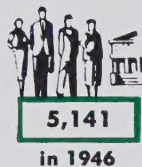


SHAREHOLDERS

The chart below reflects the substantial increase in the number of shareholders in the past 20 years. They are to be found in every province of Canada, and in many parts of the United States, as well as in the United Kingdom, Continental Europe, South America, South Africa, and elsewhere around the world.

Shareholders include individuals from practically every walk of life as well as many kinds of institutions. Those who became shareholders during 1966 are cordially welcomed.

INDIVIDUALS & INSTITUTIONS



men
women, children
business executives, farmers
financial people, doctors, nurses
clergymen, judges, lawyers
officers in all the armed services
pension funds, lodges, churches, libraries, hospitals
commercial and financial corporations, insurance companies

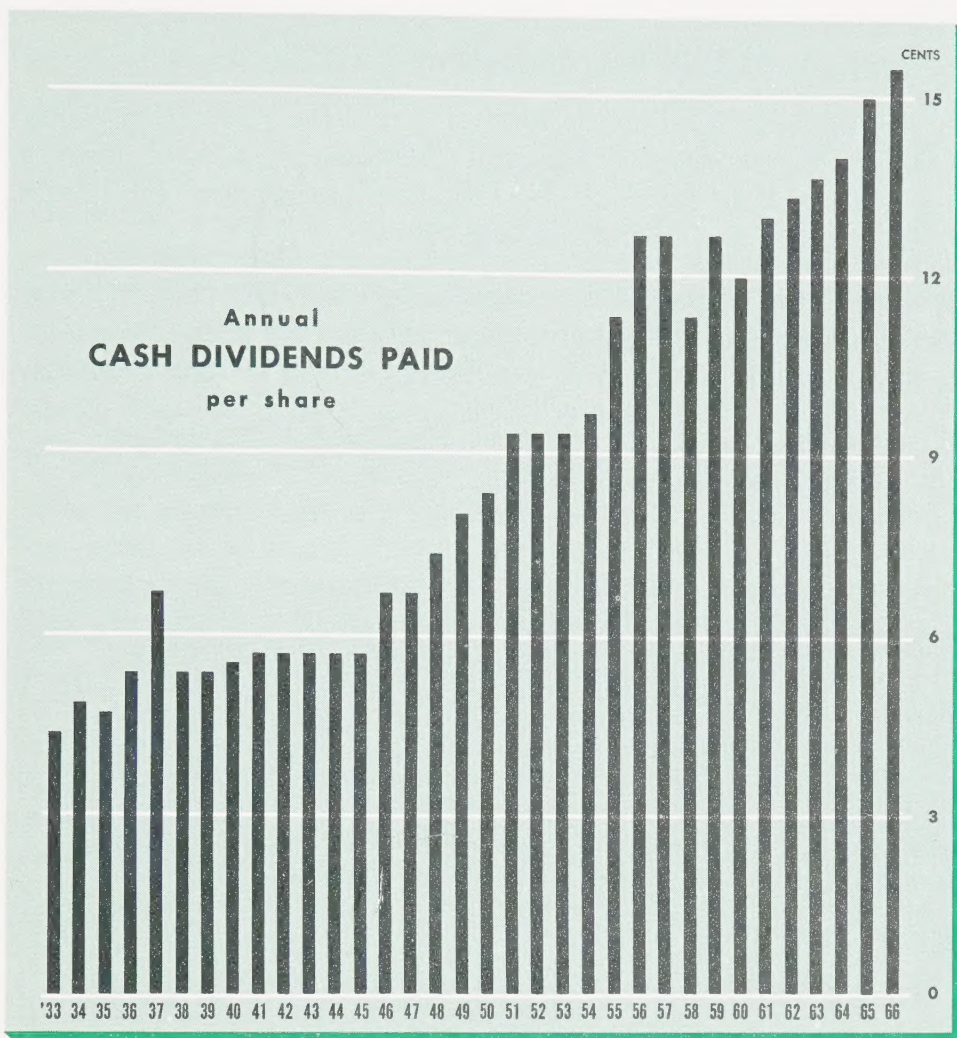


SHAREHOLDER BENEFITS AND LONG TERM RECORD

At the 1966 year end, cumulative benefits to shareholders — cash dividends paid over \$77,000,000, balance of profits realized on investments over \$26,000,000, and unrealized profits of over \$38,000,000 — totalled well over \$140,000,000.

As graphically shown on page 11, combined appreciation and dividends on the net asset value of your Company's shares, from date of organization to December 31, 1966, amounted to 640%. An assumed investment of \$1,000 in shares of Canadian Investment Fund, Ltd. at the initial offering price December 5, 1932, with dividends reinvested* and after making full provision for total round trip buying and selling costs, could have been liquidated at the end of last year for \$14,192.

**No provision for income taxes, if any, payable by investor on dividends.*



CASH DIVIDENDS PAID

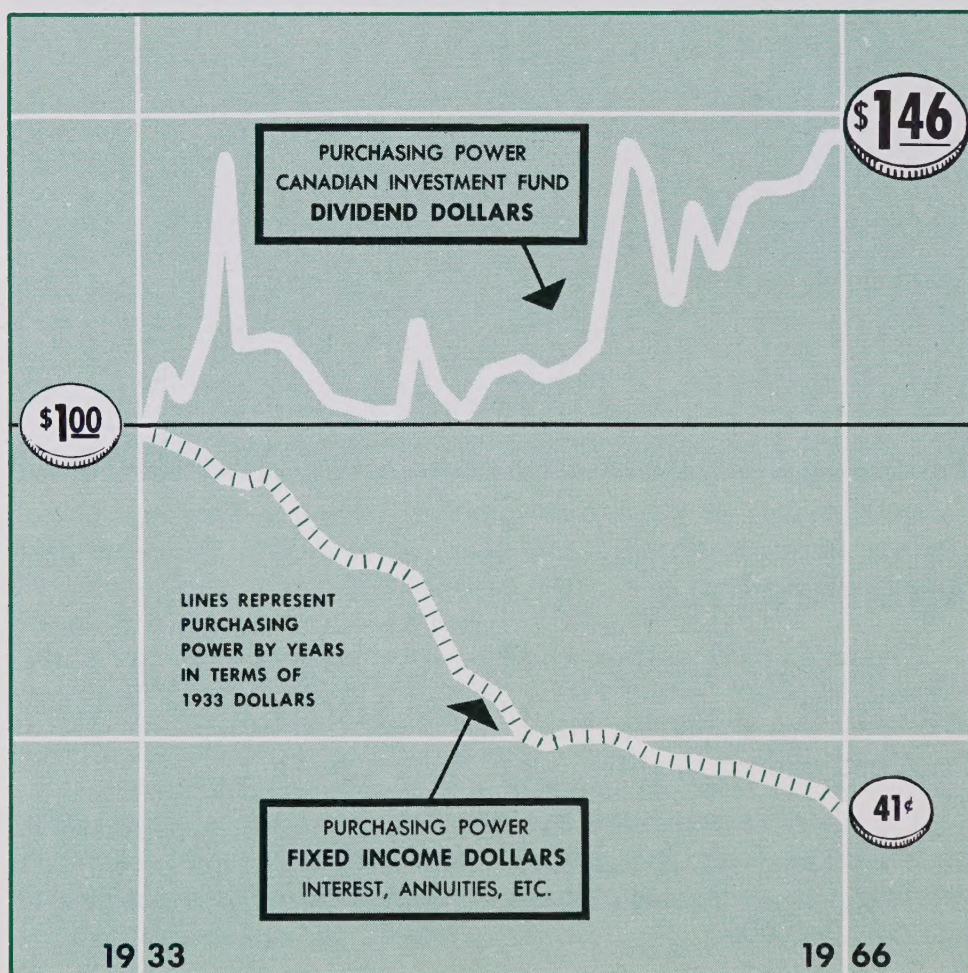
Dividends paid in 1966 totalled a new record $15\frac{1}{2}\text{¢}$ per share. While the amount received from dividends in stock, stock dividends and rights was negligible during the year, cash income from dividends and interest, per share, was higher than in 1965.

The chart above shows the substantial growth in annual dividends paid by your Company. At the end of 1966, your Company had paid 135 consecutive quarterly cash dividends totalling more than \$77,000,000.

34 YEARS OF PROTECTION AGAINST INFLATION

Although inflation has seriously reduced the purchasing power of money, shareholders of Canadian Investment Fund have enjoyed protection of both their income and their capital from the effects of this inflation for the past 34 year period.

Income Protection: While variable from year to year, the chart below portrays the income protection afforded by your Company's dividends against the loss in purchasing power of the Canadian dollar over the period shown. This is compared with the steady loss in purchasing power of fixed dollar income such as annuities, interest from bonds and mortgages, etc.



Capital Protection: The Company's shareholders also enjoyed a large margin of protection for their capital. For example, a \$10,000 investment in Canadian Investment Fund at offering price on January 1, 1933 could have been liquidated for \$36,284 on December 31, 1966 showing a capital gain of 263% compared with the inflationary rise of 145% in the official cost-of-living index in the period, which was used for this and the preceding calculations.

POLICY

The continuing policy of Canadian Investment Fund, Ltd. is to invest primarily in a broadly diversified selection of high grade, dividend paying common stocks, while having due regard for the protection of its shareholders' capital. A balance is sought between reasonable income and growth possibilities.

In following these conservative policies, it is the purpose of your Company to combine in a single security high degrees of the cardinal principles of sound investment, namely:

- *Protection of Capital*
- *Marketability*
- *Reliable Income*
- *Opportunity for Growth*

SUPERVISION

The Company's investments are continuously supervised by the firm of Calvin Bullock, Ltd., founded in 1894, the oldest organization in North America specializing in the supervision of investment companies. Investment company assets under its supervision total over \$750,000,000.

COST OF OPERATION

Despite continuing rising costs of doing business, the ratio of your Company's operating expenses last year was only forty-five one hundredths of one percent of average daily net assets. The ratio as a percentage of total net assets at the end of the year was forty-eight one hundredths of one percent. This covered all expenses for investment supervision, directors, dividend paying and transfer agents, custodian, legal and auditing, etc. By industry standards the expense ratio, on either basis, is unusually low.

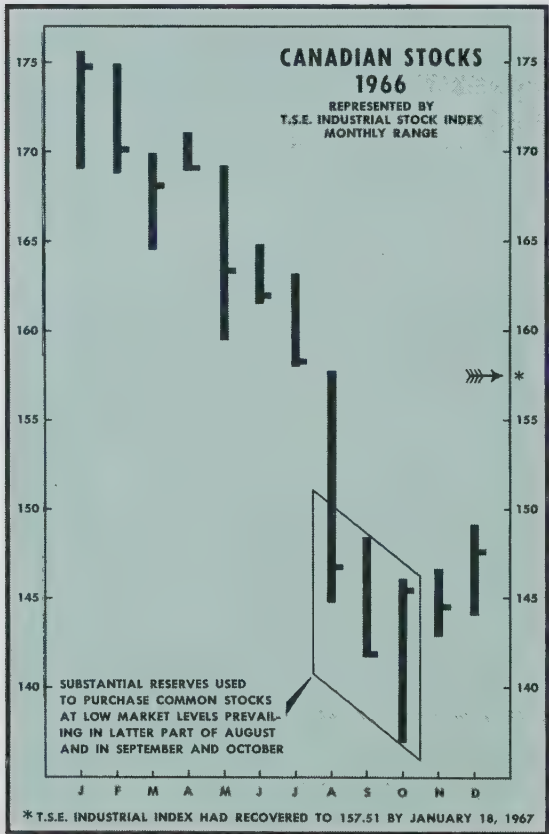
1966 MARKET DECLINE AFFORDED BUYING OPPORTUNITY

At the beginning of 1966 your Company held \$31.8 million of cash and government bonds which was augmented in January by the net sale of over \$1.5 million of common stocks. This strong defensive position cushioned the effect of the ensuing market decline on per share net asset value and enabled the Company to take advantage of buying opportunities at materially lower price levels.

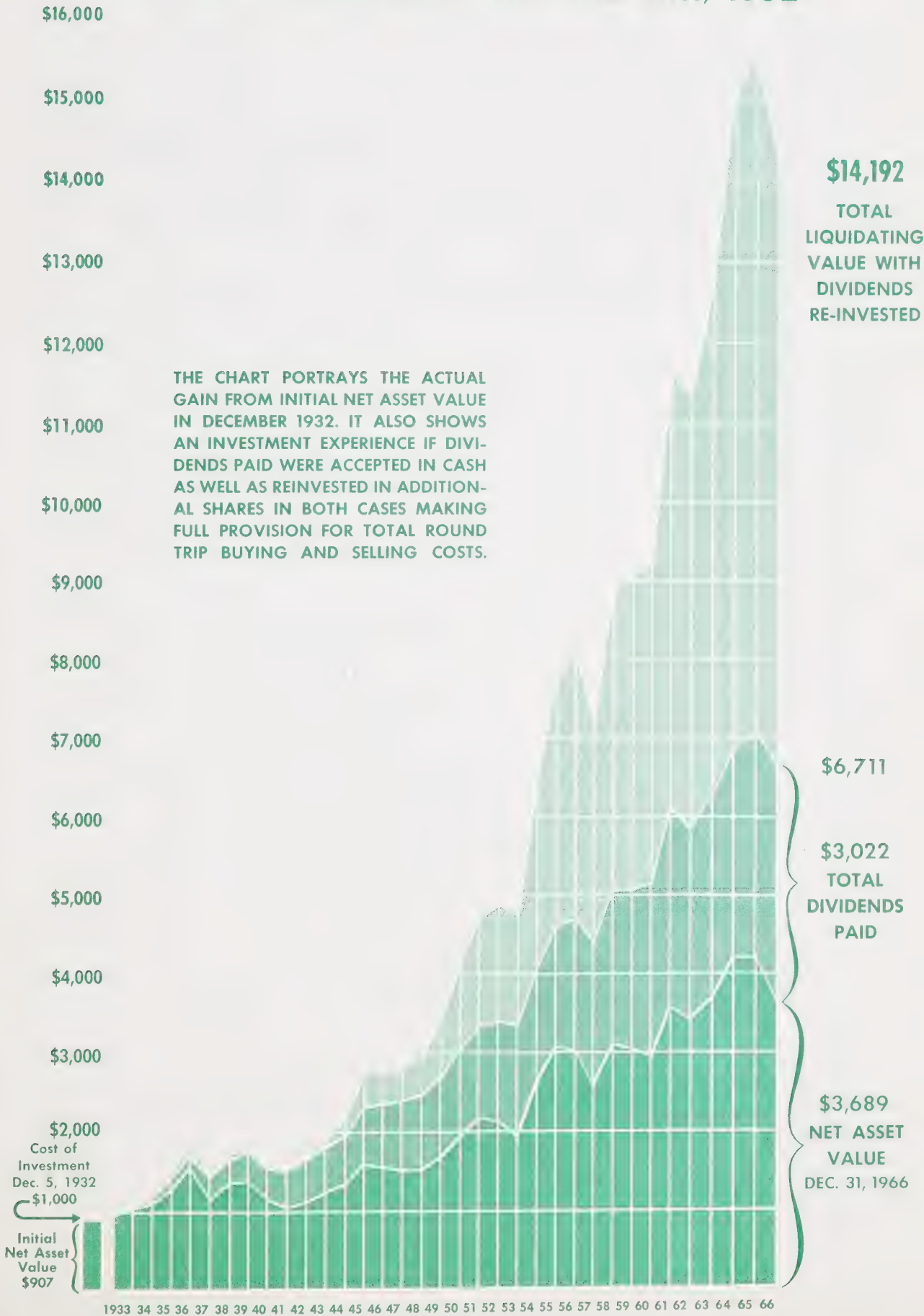
Sales and purchases of common stocks at intervals during the year, adjusted for net new subscription money, were in approximate balance for the year as a whole except for the months of August, September and October when reserves of \$6.401 million were used to buy common stocks of which \$5.511 million was invested in the period of very low prices from August 22 to October 31, the period indicated by the box in the chart on this page, when stocks of some

of North America's finest corporations were off from 30% to 50% and more from post-war highs.

These purchases were undertaken, of course, in the service of shareholders' interests by the purchase of common stocks thought to represent sound long-term investment values at very substantial price concessions. On the other hand, this action also resulted in a valuable contribution to the national interest in the assistance thus afforded to the making of more orderly markets in a period of economic strain.



AN ILLUSTRATION OF
\$1000 INVESTED IN CANADIAN INVESTMENT FUND, LTD.
AT PUBLIC OFFERING PRICE DEC. 5TH, 1932



Outlook

The Canadian economy surged to its highest levels in history in 1966. Gross national product at about \$57 billion was up nearly 10% over 1965. Practically every major segment of the economy reached record levels, although some important areas such as motor car sales and construction receded from their highs. Construction firmed at the year end.

Officials were preoccupied during the year endeavouring to impose monetary and fiscal restraints in the degree necessary to keep the economy within the bounds of its physical capacity, to avoid excessive imbalances and price increases while not upsetting a high level of sound business activity and prosperity, a difficult thing to achieve.

Interest rates reached their highest levels in many decades with corresponding low bond prices. Common stocks reached high levels early in the year but declined substantially after mid-year. Probably the stock market was worried that the economy being in its sixth consecutive year of expansion was vulnerable to necessary monetary and fiscal restraints bringing on a recession.

At the beginning of 1967 interest rates were moderately easier giving rise to the feeling that monetary tightness may have passed its peak. Also the stock market had staged a good recovery from last year's lows, indicating it was less certain that a significant recession in 1967 was inevitable. Prospects are that cross-currents in business will be more pronounced than for some time but that over-all production will show a further gain of smaller proportions than last year. Sharply higher wage costs suggest lower corporate margins and profits but it would appear that the stock market has already generously discounted any such impairment. Quite often the market over-discounts. Long term prospects for Canada's growth oriented economy continue impressive.

* * * *

Presented on succeeding pages, on behalf of the Board of Directors, are complete financial statements, the Auditors' Report, and tax and other information.

Yours very truly,

HUGH BULLOCK, *President*

February 28, 1967.

DIRECTORS

For reasons of health, Mr. Norman J. Dawes tendered his resignation as a Director. At a meeting on February 8, 1967 the Board accepted the resignation with regret and by resolution expressed their appreciation for the valuable services and advice he had rendered to the Company as an original member of the Board since 1932 and as an able associate who commanded their respect and deep affection.

It is a pleasure to inform you that Mr. Donald Gordon, C.M.G., former Chairman and President of Canadian National Railways was elected a Director of the Company filling the Board vacancy.

With deep sorrow, the Board of Directors records the death on February 22, 1966, of Mr. Charles T. Ballantyne, Q.C., who had served as legal counsel in the organization of the Company and subsequently as a Director, and their gratitude for the unfailing interest and valuable advice which he gave for its benefit.

CONVENIENT PLANS

The Canadian Investment Fund Growth Plan was made available to investors in 1949 as the first compounding accumulation plan based on equities in Canada. Terms of the plan are modest and flexible. It is a purely voluntary, no penalty savings plan. Based on the actual operating record of your Company, an assumed plan investing \$1,000 annually in quarterly payments, starting January 1, 1933, all dividends reinvested, could have been liquidated for \$159,322 at December 31, 1966.

The Canadian Investment Fund Retirement Savings Plan is a flexible plan meeting the requirements of the Income Tax Act as a registered retirement savings plan affording the opportunity to individuals in Canada with earned income to utilize important current tax savings to provide retirement income.

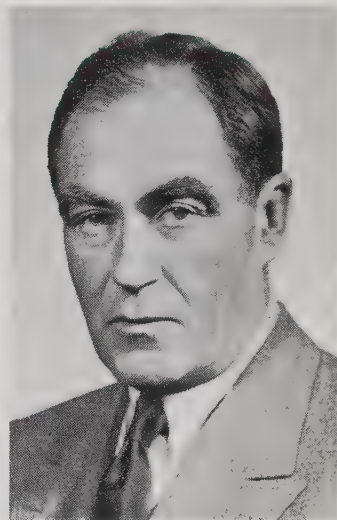
Full details on these plans are available from any investment dealer in Canada, without obligation.

The Board of Directors



Graham F. Towers, C.M.G.
Chairman

Original head for 20 years, Bank of Canada; Chairman, British Petroleum Co. of Canada Ltd., Canada Life Assurance Co.; Director, Bell Telephone Company of Canada, Moore Corporation, Ltd., Hudson's Bay Co.



Hugh Bullock, K.B.E.
President

Chairman and Chief Executive Officer, Calvin Bullock, Ltd., New York, and Chairman or President of other investment companies under Calvin Bullock supervision. A pioneer in the investment company industry, with over thirty-five years of investment experience.



Henry Borden, C.M.G.

Chairman, British Newfoundland Corp. Ltd.; Director, Bell Telephone Company of Canada, Brazilian Light & Power Co. Ltd., Canadian Imperial Bank of Commerce, Massey-Ferguson Ltd., International Business Machines Co. Ltd.



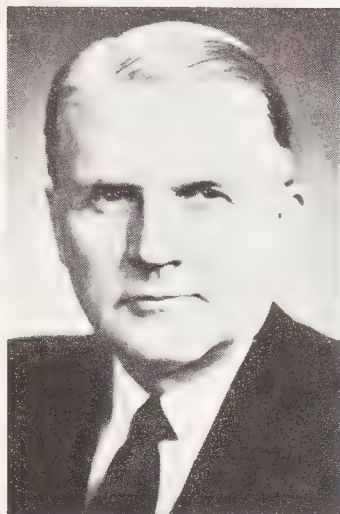
Hon. F. P. Brais, C.B.E.

Senior Partner, Brais, Campbell, Mercier, Leduc and Pepper; Chairman, Banque Canadienne Nationale, Director, Canadian Pacific Railway Company, Fraser Companies, Limited, Montreal Trust Company, Sun Life Assurance Co. of Canada.



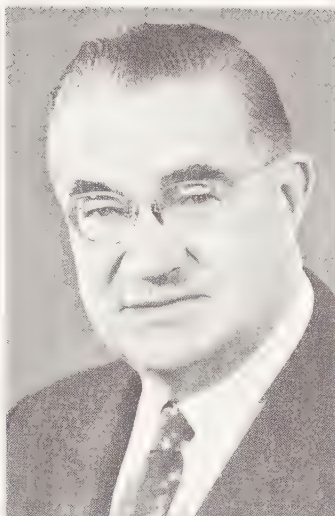
Alan Chippindale
Managing Director

President, Calvin Bullock, Ltd., Montreal; Vice President, Calvin Bullock, Ltd., New York. Vice President and Director, Canadian Fund, Inc. A mutual fund industry leader in Canada for over thirty years.



Norris R. Crump

Chairman and Chief Executive Officer, Canadian Pacific Railway Co.; Director, Bank of Montreal, Cominco Ltd., International Nickel Co. of Canada Ltd., Mutual Life Assurance Co. of Canada.



Donald Gordon, C.M.G.

President and Chief Executive Officer, British Newfoundland Corp. Ltd.; Former Chairman and President, Canadian National Railways.



G. Blair Gordon

Director, Canadian Industries Ltd., Dominion Oilcloth & Linoleum Co. Ltd., Dominion Textile Co., Ltd., Hudson Bay Insurance Co., Mutual Life Assurance Co. of Canada, The Royal Trust Company.



G. Arnold Hart, M.B.E.

President and Chairman, Bank of Montreal; Director, Cominco Ltd., Consolidated Paper Corp. Ltd., Ogilvie Flour Mills Co., Ltd., Steel Company of Canada Ltd., Sun Life Assurance Co. of Canada.



George W. Huggett

Former President, Du Pont of Canada Limited; Hon. Director, The Royal Trust Company; Member, Canadian Advisory Committee, Northern and Employers Group of Insurance Companies.



W. S. Kirkpatrick

Chairman and Chief Executive Officer, Cominco Ltd.; Director, Bank of Montreal, Consolidated Paper Corporation Ltd., The Royal Trust Company, Texas Gulf Sulphur Company, Inc.

NATIONAL ENDEAVOUR

The federal government has taken steps in recent years to encourage the most effective use of Canadian savings in the development, management and control of the Canadian economy. When making tax changes to this end reference was made to the diversification of investment provided by mutual funds and recognition was given the important role that they, along with other investment companies and pension funds, play in providing a large flow of the savings of individuals towards investment in the ownership of Canadian industry. Canadian mutual fund investment in common stocks of Canadian companies had increased to approximately \$1,000 million at the end of 1966, up from \$465 million five years earlier.

A PROGRAM FOR DIVERSIFICATION

There is a tendency, at times, for investors to consider the shares of your Company as just another stock. In actual fact, the shares represent a broad program — a medium through which wide diversity of investment is obtained in a sound and convenient manner under constant and experienced supervision.

A \$10,000 INVESTMENT

On pages 19 to 22 of this report is shown a complete list of all the investments of your Company at December 31, 1966, giving the amount held as well as market values at that date. Also shown in the column at the far right of that listing, in green, is the dollar amount in each security represented by a \$10,000 investment in the Fund at asset value on that date. On that basis it will be seen that, except in the case of two issues, not as much as \$500 was invested in any single security. Of the stock investments, 3 issues ranged from \$400 to \$500, 3 from \$300 to \$400, 10 from \$200 to \$300, 12 from \$100 to \$200, and 40 issues represented less than \$100 each. Larger or smaller invested amounts would be proportionate.

\$50,000,000,000

Total individual issues in the Company's portfolio at the end of last year numbered 74, and comprised of 5 bond issues, 15 preferred stocks, and the common stocks of 50 corporations having gross assets of more than \$50,000,000,000.

The wide diversity and great depth of security provided by investment in the Company's shares are thus readily apparent.

Canadian Investment Fund, Ltd.

Investment Changes

DECEMBER 31, 1965 — DECEMBER 31, 1966

Purchases

	NET INCREASE	NEW TOTAL
	Shares	Shares
COMMON STOCKS		
Abitibi Paper Company Limited	32,000	212,000
Alcan Aluminium Limited	10,000	110,000
Bank of Montreal	6,000	70,000
Bank of Nova Scotia	2,000	16,000
Banque Canadienne Nationale	1,000	11,000
Bell Telephone Co. of Canada	5,000	165,000
Canada Cement Company, Limited	6,000	51,000
Canadian Imperial Bank of Commerce	2,000	50,000
Canadian Industries Limited	21,000	67,000
Canadian Pacific Railway Co.	5,000	85,000
Consumers' Gas Company	25,000	300,000
Distillers Corp.-Seagrams Ltd.	20,500	89,000
Dominion Foundries & Steel Limited	17,000	97,000
General Motors Corp.	3,000	83,000
Home Oil Company Limited "A"	35,000	35,000
Imperial Oil Ltd.	9,000	131,000
Industrial Acceptance Corp. Ltd.	5,000	230,000
Interprovincial Pipe Line Company	9,000	61,000
MacMillan, Bloedel Limited	30,000	200,000
Mobil Oil Corporation (1)	55,000	70,000
Moore Corporation Ltd.	7,000	102,000
Quebec Natural Gas Corp.	31,000	85,000
Quebec Natural Gas Corp.—Warrants	2,750	2,750
Royal Bank of Canada	3,000	54,000
Simpsons, Limited	32,000	67,000
Steel Company of Canada Ltd.	10,000	170,000
Trans-Canada Pipe Lines Ltd.	19,000	89,000
Trans-Canada Pipe Lines Ltd.—Warrants	2,250	2,250
Union Carbide Canada Ltd.	20,000	50,000
Union Gas Co. of Canada, Ltd. (2)	207,000	292,000
Hiram Walker-Gooderham & Worts, Ltd.	4,000	254,000
George Weston Limited "A"	1,000	61,000
PREFERRED STOCKS		
Industrial Acceptance Corp. Ltd., 5¾%	60,000	60,000
Quebec Natural Gas Corp., 5½%	2,750	2,750
Trans-Canada Pipe Lines Ltd., \$2.80	4,500	4,500
BONDS		
	Principal Amount	Principal Amount
Gov't of Canada, 5¾% Oct. 1, 1969	\$3,000,000	\$3,000,000
Gov't of Canada, 5¾% Dec. 15, 1970	3,000,000	3,000,000

(1) Split 2 for 1 plus shares purchased.

(2) Split 3 for 1 plus shares purchased.

Canadian Investment Fund, Ltd.

Investment Changes — *Continued*

DECEMBER 31, 1965 — DECEMBER 31, 1966

Sales

	NET DECREASE	NEW TOTAL
	Shares	Shares
COMMON STOCKS		
Cominco Ltd.....	5,000	75,000
Dominion Textile Co. Ltd.....	68,000	12,000
Du Pont of Canada Limited.....	5,000	35,000
Hollinger Cons. Gold Mines, Ltd.....	11,000	Nil
International Nickel Co. of Can. Ltd.....	10,000	60,000
Noranda Mines, Limited.....	10,000	50,000
Standard Oil Company (N.J.).....	12,000	63,000

	Principal Amount	Principal Amount
BONDS		
Gov't of Canada, 4½% Dec. 15, 1966.....	\$3,000,000	Nil
Gov't of Canada, 4¼% Jan. 15, 1968.....	1,000,000	Nil
Gov't of Canada, 2¾% June 15, 1968.....	1,000,000	Nil
Gov't of Canada, 5% Oct. 1, 1968.....	2,000,000	Nil

Canadian Investment Fund, Ltd.

Investments

AT DECEMBER 31, 1966

Common Stocks

	SHARES	MARKET VALUE†	PROPORTION OF A \$10,000 INVESTMENT*
AUTOMOTIVE			
General Motors Corp.....	83,000	\$ 5,922,121	\$ 351
BANK AND FINANCE			
Bank of Montreal.....	70,000	\$ 3,692,500	\$ 218
Bank of Nova Scotia.....	16,000	1,016,000	60
Banque Canadienne Nationale....	11,000	555,500	33
Canadian Imperial Bank of Comm.	50,000	2,912,500	172
Industrial Acceptance Corp. Ltd...	230,000	4,830,000	286
Royal Bank of Canada.....	54,000	3,699,000	219
Toronto-Dominion Bank.....	24,000	1,368,000	81
		\$18,073,500	\$1,069
BUILDING			
Canada Cement Company, Limited	51,000	\$ 1,785,000	\$ 106
CHEMICAL			
Canadian Industries Limited.....	67,000	\$ 1,030,125	\$ 61
Du Pont of Canada Ltd.....	35,000	1,233,750	73
Union Carbide Canada Ltd.....	50,000	987,500	58
		\$ 3,251,375	\$ 192
FOOD & BEVERAGE			
Canada Packers Limited "A".....	19,000	\$ 1,311,000	\$ 78
Distillers Corp.-Seagrams Ltd.....	89,000	2,970,375	176
Ogilvie Flour Mills Co. Ltd.....	60,000	787,500	46
Hiram Walker-Gooderham & W. Ltd.	254,000	7,302,500	432
George Weston Limited "A".....	61,000	1,143,750	67
George Weston Limited "B".....	55,000	1,113,750	66
		\$14,628,875	\$ 865

	<u>SHARES</u>	<u>MARKET VALUE†</u>	<u>PROPORTION OF A \$10,000 INVESTMENT*</u>
HEAVY INDUSTRY			
Dominion Foundries & Steel, Ltd..	97,000	\$ 1,782,375	\$ 106
General Electric Company.....	30,000	2,875,697	170
Steel Company of Canada, Ltd....	170,000	3,400,000	201
		<hr/> \$ 8,058,072	<hr/> \$ 477
MINING			
Alcan Aluminium Limited.....	110,000	\$ 3,327,500	\$ 197
Cominco Ltd.....	75,000	2,315,625	137
Dome Mines Ltd.....	30,000	1,410,000	83
Hudson Bay Min. & Smelt. Co. Ltd.	20,000	1,277,500	76
International Nickel Co. of Can. Ltd.	60,000	5,700,000	337
Noranda Mines, Limited.....	50,000	2,462,500	146
		<hr/> \$16,493,125	<hr/> \$ 976
PAPER & NEWSPRINT			
Abitibi Paper Company Limited...	212,000	\$ 2,093,500	\$ 124
Consolidated Paper Corp. Ltd....	90,000	3,442,500	203
Crown Zellerbach Corp.....	9,000	431,355	25
International Paper Co.....	59,000	1,621,574	96
MacMillan, Bloedel Limited.....	200,000	4,700,000	278
		<hr/> \$12,288,929	<hr/> \$ 726
PETROLEUM			
British American Oil Co. Ltd.....	50,000	\$ 1,625,000	\$ 96
Home Oil Company Limited "A"..	35,000	831,250	49
Imperial Oil Ltd.....	131,000	7,516,125	444
Interprovincial Pipe Line Company	61,000	5,169,750	306
Mobil Oil Corporation.....	70,000	3,544,527	210
Standard Oil Company (N.J.)....	63,000	4,315,982	255
Texaco Canada Limited.....	10,000	678,750	40
		<hr/> \$23,681,384	<hr/> \$1,400

	SHARES	MARKET VALUE†	PROPORTION OF A \$10,000 INVESTMENT*
PUBLIC UTILITY			
Bell Telephone Co. of Canada.....	165,000	\$ 7,651,875	\$ 453
Consumers' Gas Company.....	300,000	4,612,500	273
Quebec Natural Gas Corp.....	85,000	839,375	49
Quebec Natural Gas Corp.-Wts....	2,750	8,387	1
Trans-Canada Pipe Lines Ltd.....	89,000	2,169,375	128
Trans-Canada Pipe Lines Ltd.-Wts.	2,250	14,062	1
Union Gas Co. of Canada, Ltd....	292,000	3,066,000	181
		\$18,361,574	\$1,086
RETAIL TRADE			
Loblaw Companies Ltd. "A".....	70,000	\$ 551,250	\$ 32
Loblaw Companies Ltd. "B".....	200,000	1,650,000	98
Simpsons, Limited.....	67,000	1,859,250	110
Woodward Stores Ltd. "A".....	30,000	708,750	42
		\$ 4,769,250	\$ 282
TEXTILE			
Dominion Textile Co. Ltd.....	12,000	348,000	\$ 21
MISCELLANEOUS			
Canadian Pacific Railway Co.....	85,000	\$ 4,653,750	\$ 275
Dominion Glass Company Ltd....	60,000	735,000	44
Moore Corporation, Ltd.....	102,000	8,823,000	522
		\$ 14,211,750	\$ 841
TOTAL COMMON STOCKS.....		\$141,872,955	\$8,392

Preferred Stocks

	SHARES	MARKET VALUE†	PROPORTION OF A \$10,000 INVESTMENT*
Alcan Aluminium Ltd., 4¼% Conv.	9,000	\$ 334,125	\$ 20
Aluminum Co. of Canada, Ltd., 4% ..	7,000	135,625	8
Aluminum Co. of Canada, Ltd., 4½%	5,000	196,250	12
Canadian Industries Limited, 7½%	1,600	116,800	7

(Continued on next page)

Preferred Stocks *(Continued from preceding page)*

	SHARES	MARKET VALUE†	PROPORTION OF A \$10,000 INVESTMENT*
Chemcell Limited, \$1.75 Series.....	8,200	\$ 248,050	\$ 15
Dominion Glass Company Ltd., 7%..	15,000	240,000	14
Dominion Textile Co. Ltd., 7%	1,200	138,000	8
Howard Smith Paper Mills Ltd., \$2.00	2,000	70,000	4
Ind. Accept. Corp. Ltd., 4½% \$100 par	4,000	298,000	18
Ind. Accept. Corp. Ltd., 5¾%	60,000	1,387,500	82
Quebec Natural Gas Corp., 5½% ...	2,750	243,375	14
Texaco Canada Limited, 4%	738	55,719	3
Trans-Canada Pipe Lines Ltd., \$2.80	4,500	207,000	12
George Weston Limited, 4½%	3,000	261,000	15
Zeller's Limited, 4½%	5,000	195,000	12
TOTAL PREFERRED STOCKS.....		\$ 4,126,444	\$ 244

Bonds

	PRINCIPAL AMOUNT	MARKET VALUE†	PROPORTION OF A \$10,000 INVESTMENT*
Gov't of Canada, 5½% Apr. 1/69..	\$1,000M	\$ 1,000,500	\$ 59
Gov't of Canada, 5½% Oct. 1/69..	1,000M	1,000,500	59
Gov't of Canada, 5¾% Oct. 1/69..	3,000M	3,019,500	179
Gov't of Canada, 5¾% Dec. 15/70.	3,000M	3,015,000	178
Can. Nat. Rlwy. Co., 5½% 1971..	9,000M	8,910,000	527
TOTAL BONDS.....		\$ 16,945,500	\$1,002
TOTAL INVESTMENTS.....		\$162,944,899	\$9,638
CASH, ETC., NET.....		6,111,192	362
TOTAL NET ASSETS.....		\$169,056,091	\$10,000

†Investments valued at market quotations. Market values of United States securities are expressed in Canadian funds at the rate of exchange prevailing on December 31, 1966, 8½% premium on U.S. funds.

*Dollar amount for each security represented by a \$10,000 investment in the Fund at asset value on that date.

Auditors' Report

TO THE SHAREHOLDERS OF
CANADIAN INVESTMENT FUND, LTD.

We have examined the balance sheet of Canadian Investment Fund, Ltd., as at December 31, 1966 and the statements of income, distribution and surplus accounts for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The Royal Trust Company, as custodian, has confirmed to us that it held the securities representing the Company's investments, and the balances of cash on deposit at December 31, 1966 for the Company's account.

In our opinion, the accompanying balance sheet and statements of income, distribution and surplus accounts present fairly the financial position of the Company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

Montreal, January 6, 1967

In the opinion of counsel, shareholders of the Company who were individuals resident in Canada in 1966 will, in determining their income tax liability to Canada, be entitled to take into consideration dividends received from this Company in that year when computing the 20% dividend tax credit permitted under the terms of Section 38 of the Canadian Income Tax Act.

Residents of the Province of Quebec may similarly take such dividends into consideration for the purpose of their Provincial income tax and the 9% net dividend tax credit.

Canadian Investment Fund, Ltd. *(Incorporated under Canada Corporations Act)*

ASSETS

Balance Sheet, December 31, 1966

INVESTMENTS AT AVERAGE COST: *(The aggregate quoted market value of investments at December 31, 1966 was \$162,944,899 resulting in unrealized appreciation of \$38,611,304)*

Bonds.....	\$17,423,519
Stocks of Canadian companies.....	92,917,087
Stocks of United States companies.....	13,992,989
	<hr/>
	\$124,333,595

CURRENT ASSETS:

Cash on deposit, demand— The Royal Trust Company, Montreal.....	\$ 5,500,351
Interest accrued and dividends receivable.....	997,157
Due by subscriber to capital stock.....	216,242
Receivable in respect of securities sold.....	14,368
	<hr/>
TOTAL ASSETS.....	6,728,118
	<hr/>
	\$131,061,713
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LIABILITIES

CURRENT LIABILITIES:

Payable in respect of securities purchased.....	\$ 261,677
Payable for special shares of capital stock purchased for cancellation..	128,973
Management and directors' compensation payable.....	160,077
Accrued expenses and sundry accounts payable.....	18,210
United States withholding tax.....	3,973
Canadian taxes on income.....	44,015
	<hr/>
TOTAL LIABILITIES.....	\$ 616,925

CAPITAL STOCK AND SURPLUS

CAPITAL STOCK:

Special shares of 33⅓ cents each (redeemable on demand by the holders at liquidating value as provided in the Letters Patent of the Company):

75,000,000 shares — Authorized	\$25,000,000
21,499,805 shares — Redeemed or purchased for cancellation from inception to December 31, 1966	7,166,602
<u>53,500,195 shares</u>	<u>\$17,833,398</u>

Issued and outstanding —

45,542,619 shares outstanding at December 31, 1965	\$15,180,873
2,822,718 shares issued and subscribed for during the year ending December 31, 1966 for a consideration of \$10,998,168 of which \$10,057,262 has been credited to surplus ..	940,906
<u>48,365,337 shares</u>	<u>\$16,121,779</u>
2,539,387 shares redeemed or purchased for cancellation during the year ending December 31, 1966	846,462
<u>45,825,950 shares outstanding at December 31, 1966</u>	<u>\$15,275,317</u>

Ordinary shares:

Authorized and issued —	1,000
3,000 shares of 33⅓ cents each	
Total Capital Stock	\$ 15,276,317

SURPLUS, as per statements annexed:

Paid-in surplus	\$85,843,593
Paid-in surplus to equalize the accumulated earnings subject to distribution	18,476
<u>Earned surplus</u>	<u>29,306,402</u>
TOTAL CAPITAL STOCK AND SURPLUS	115,168,471
	<u>\$130,444,788</u>
TOTAL LIABILITIES, CAPITAL STOCK AND SURPLUS	<u>\$131,061,713</u>

The net asset value per share with investments valued at market quotations was \$3.688849 at December 31, 1966.

Approved on behalf of the Board:

G. F. TOWERS, *Director*
ALAN CHIPPINDALE, *Director*

Canadian Investment Fund, Ltd.

Statement of Income Account FOR THE YEAR ENDING DECEMBER 31, 1966

INCOME:

Cash dividends.....	\$5,851,461	
Bond interest.....	918,542	
Interest on cash deposits.....	546,178	
Proceeds — dividend in stock, and rights.....	127,199	\$7,443,380

EXPENSES:

Management.....	\$ 593,474	
Transfer, dividend paying agent's and custodian's fees.....	63,940	
General expenses and auditors' fees	56,311	
Taxes, other than income taxes....	3,148	
Legal fees and expenses.....	6,272	
Directors' compensation.....	83,375	806,520

Net income before providing for the items shown below.....	\$6,636,860
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United States withholding and Canadian income taxes paid and provided for	284,449
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Net income, exclusive of profit or loss from sales of securities.....	<u>\$6,352,411</u>
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Canadian Investment Fund, Ltd.

Statement of Distribution Account

FOR THE YEAR ENDING DECEMBER 31, 1966

Balance of income account, as annexed	\$6,352,411	
Balance of distribution account at beginning of year.....	2,458,578	
Received on subscriptions to capital stock to equalize the per share amount available for distribution on the then outstanding shares (dividends declared are first chargeable against this amount) as provided by resolutions of the Board of Directors.....	127,355	
Transferred from profits on sales of securities an amount equal to management and directors' compensation charged to income.....	676,849	\$9,615,193
<i>Deduct:</i>		
Dividends paid —		
Special shares.....	\$7,066,086	
Ordinary shares...	465	\$7,066,551
Amounts included in prices of special shares redeemed or purchased for cancellation, equal to the per share portion of income and distribution accounts.....	109,306	7,175,857
Balance of distribution account at end of year.....		\$2,439,336
Included in paid-in surplus, annexed..		\$ 18,476
Included in earned surplus, annexed..		2,420,860
		<u>\$2,439,336</u>

Canadian Investment Fund, Ltd.

Statement of Surplus Account

FOR THE YEAR ENDING DECEMBER 31, 1966

PAID-IN-SURPLUS:

Balance at beginning of year.....	\$84,978,424	
Less: Included in beginning balance of distribution account, annexed	18,355	\$ 84,960,069
Excess over par value of capital stock subscribed for, not including por- tion of subscription price credited to distribution account, annexed..		9,929,907
		<u>\$ 94,889,976</u>
<i>Deduct:</i>		
Consideration paid on redemption or purchase for cancellation of special shares during the year, not including amount charged to distribution account, annexed...	\$ 9,892,845	
Less: Par value thereof.....	846,462	9,046,383
		<u>\$ 85,843,593</u>
Portion of subscription price included in balance of distribution account, annexed.....		18,476
Balance of paid-in surplus at end of year.....		<u>\$ 85,862,069</u>

EARNED SURPLUS:

Net realized profits from sales of se- curities:		
Balance at begin- ning of year.....	\$23,557,791	
Net realized profits during year.....	4,004,600	\$27,562,391
Less: Amount transferred to distri- bution account.....	676,849	
Balance at end of year.....	\$26,885,542	
Portion of balance of distribution account at end of year, annexed..	2,420,860	
Balance of earned surplus at end of year.....		<u>29,306,402</u>
Total surplus at end of year.....		<u><u>\$115,168,471</u></u>



*"Upon the whole surface of the globe,
there is no more spacious and splendid domain than Canada
open to the activity and genius of free men."*

—SIR WINSTON CHURCHILL